

### MULTI-YEAR FINANCIAL SUMMARY TOTAL EXPENDITURES AND REVENUES FISCAL YEARS 09 - 15

(in millions of dollars)

	Actual *	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	FY 12	<u>FY 13</u>	FY 14	<u>FY 15</u>
REVENUES:							
Executive Branch:							
Tax Revenues	4,587.3	4,568.8	5,243.3	5,529.2	5,715.7	5,953.4	6,232.9
Nontax Revenues	4,136.6	3,711.4	3,527.2	3,611.3	3,603.3	3,525.7	2,290.2
Federal Funds	2,402.4	2,290.8	2,247.1	2,259.9	2,278.2	2,299.2	264.0
Judicial Branch Revenues	45.5	45.4	46.3	47.3	47.9	48.8	49.9
OHA Revenues	15.1	15.1	15.1	15.1	15.1	15.1	. <b>-</b>
Other	-	306.4	190.4	174.7	196.1	94.9	95.1
Bond Receipts	1,306.5	983.5	1,530.5	755.0	1,696.6	525.0	503.9
TOTAL REVENUES	12,493.4	11,921.4	12,799.9	12,392.5	13,552.9	12,462.1	9,436.0
EXPENDITURES:							
Executive Branch:							
Operating	10,624.4	10,804.0	10,089.1	10,475.3	10,615.1	10,770.3	10,882.9
Capital Investment	2,405.6	1,964.1	1,887.3	1,022.5	612.1	45.1	2.0
Specific Appropriations	251.7	3.8	3.8	5.0	5.0	5.0	5.0
Sub-total	13,281.7	12,771.9	11,980.2	11,502.9	11,232.2	10,820.4	10,889.9
Legislative Branch	34.0	34.0	34.0	34.0	34.0	34.0	34.0
Judicial Branch	160.5	151.5	150.1	150.2	150.2	150.2	150.2
OHA	8.4	8.3	8.3	8.3	8.3	8.3	8.3
Lapses	(307.8)	(65.0)	(65.0)	(65.0)	(65.0)	(65.0)	(65.0)
TOTAL EXPENDITURES	13,176.9	12,900.8	12,107.6	11,630.3	11,359.6	10,947.9	11,017.4
REVENUES OVER EXPEND. CARRY-OVER BALANCE (DEFICIT)	(683.5)	(979.4)	692.2	762.2	2,193.3	1,514.2	(1,581.5)
Beginning	7,220.7	6,537.2	5,557.8	6,250.0	7,012.2	9,205.5	10,719.7
Ending	6,537.2	5,557.8	6,250.0	7,012.2	9,205.5	10,719.7	9,138.3
* unaudited							

## MULTI-YEAR FINANCIAL SUMMARY GENERAL FUND FISCAL YEARS 09 - 15 (in millions of dollars)

	Actual * FY 09	Estimated <u>FY 10</u>	Estimated <u>FY 11</u>	Estimated <u>FY 12</u>	Estimated FY 13	Estimated <u>FY 14</u>	Estimated FY 15
REVENUES:							
Executive Branch:					•		
Tax Revenues	4,202.3	4,097.2	4,408.3	4,672.8	4,953.2	5,250.4	5,512.9
Nontax Revenues	770.0	459.6	484.2	493.8	503.4	506.0	509.2
Judicial Branch Revenues	35.7	35.2	35.9	36.7	37.4	38.2	39.1
Other		306.4	190.4	174.7	196.1	94.9	95.1
TOTAL REVENUES	5,008.0	4,898.5	5,118.8	5,378.0	5,690.1	5,889.5	6,156.3
EXPENDITURES:							
Executive Branch:							
Operating	5,230.7	5,144.2	4,919.4	5,379.3	5,495.0	5,605.9	5,702.3
CIP	12.5	-	-	-	<u>-</u> '	-	-
Specific Appropriations	251.7	3.8	3.8	5.0	5.0	5.0	5.0
Other		(457.2)	(17.2)	13.6	84.1	30.1	42.6
Sub-total	5,494.9	4,690.8	4,905.9	5,397.9	5,584.1	5,641.0	5,749.9
Legislative Branch	34.0	34.0	34.0	34.0	34.0	34.0	34.0
Judicial Branch	150.4	139.0	139.0	139.0	139.0	139.0	139.0
OHA	3.1	2.5	2.5	2.5	2.5	2.5	2.5
Counties	0.6	-	-	· <b>-</b>	-	-	-
Lapses	(307.8)	(65.0)	(65.0)	(65.0)	(65.0)	(65.0)	(65.0)
TOTAL EXPENDITURES	5,375.2	4,801.3	5,016.4	5,508.3	5,694.6	5,751.5	5,860.3
REVENUES OVER EXPEND.	(367.2)	, 97.2	102.4	(130.3)	(4.5)	138.0	296.0
CARRY-OVER BALANCE (DEFICIT)							
Beginning	330.4	(36.8)	60.3	162.7	32.4	27.8	165.8
Ending	(36.8)	60.3	162.7	32.4	27.8	165.8	461.8
Emergency & Budget Reserve Fund * unaudited	60.4	57.6	65.1 -26-	72.6	80.2	87.7	95.2

### SUMMARY STATEMENT OF GENERAL FUND EXPENDITURE CEILING AND APPROPRIATIONS

Total State Personal Income (in \$ m	illions)		State Growth Rate	
Calendar Year 2006 Calendar Year 2007 Calendar Year 2008	49,124 52,253 54,175		Fiscal Year 2010 Fiscal Year 2011	6.14% 3.35%
Calendar Year 2009*	54,175			
Calendar Year 2010*	54,500			
* As estimated by the Council on	Revenues			
All Branches of State Government				
	Expenditure <u>Ceiling</u>	General Fund Appropriations	<u>Margin</u>	
Fiscal Year 2009		5,670,493,435		
Fiscal Year 2010	6,793,347,647	5,315,882,017	1,477,465,630	
Fiscal Year 2011**	7,020,876,175	5,069,887,474	1,950,988,701	
** Includes proposed revisions				
Executive Branch			_	
	Appropriation Ceiling	General Fund <u>Appropriations</u>	<u>Margin</u>	
Fiscal Year 2009		5,482,361,094		
Fiscal Year 2010	5,818,846,579	5,160,239,139	658,607,440	
Fiscal Year 2011		5,272,918,691		
Proposed revisions		(348,294,916)		
Total Fiscal Year 2011	5,333,070,220	4,924,623,775	408,446,445	

### MULTI-YEAR FINANCIAL SUMMARY FUND BALANCES OF SPECIAL FUNDS FISCAL YEARS 09 - 15 (in millions of dollars)

	Actual ** <u>FY 09</u>	Estimated <u>FY 10</u>	Estimated FY 11	Estimated <u>FY 12</u>	Estimated <u>FY 13</u>	Estimated <u>FY 14</u>	Estimated <u>FY 15</u>
Transportation:	1100	1110	<u> </u>	1112	1110	de la constitución de la constit	1 1 10
Highways *	282.4	105.2	(92.6)	(208.3)	(199.8)	(178.2)	(152.1)
Airports	635.3	608.8	603.3	653.1	778.7	929.3	1,094.1
Harbors	176.4	134.7	101.1	88.5	99.1	120.1	148.2
Agriculture	9.0	8.1	7.2	6.1	5.0	4.0	3.0
Business, Econ. Dev. & Tourism	51.9	41.6	40.1	44.8	56.4	75.1	101.4
Commerce & Consumer Affairs	45.7	37.7	33.4	26.6	20.4	14.0	7.5
Education	32.1	22.0	18.2	14.4	15.5	16.7	47.8
Health *	156.4	68.2	4.5	(73.0)	(150.4)	(227.9)	(305.1)
Labor & Industrial Relations	283.2	145.5	270.0	405.5	434.5	394.7	364.5
Land and Natural Resources *	46.2	23.6	3.2	(14.8)	(30.5)	(46.1)	(61.7)
University of Hawaii	111.9	95.4	116.4	111.8	107.8	104.6	102.2
Others	143.2	129.2	135.3	140.7	146.6	153.2	160.0
TOTAL	1,973.9	1,420.0	1,240.0	1,195.3	1,283.3	1,359.3	1,509.8

<sup>\*</sup> Revenue and expenditure projections will be reviewed.

<sup>\*\*</sup> unaudited

# MULTI-YEAR FINANCIAL SUMMARY SPECIAL FUNDS FISCAL YEARS 09 - 15 (in millions of dollars)

	Actual * FY 09	Estimated FY 10	Estimated FY 11	Estimated FY 12	Estimated FY 13	Estimated FY 14	Estimated FY 15
REVENUES:	<u>F1 09</u>	<u>FY 10</u>	<u> </u>	<u> </u>	<u>F1 13</u>	<u> </u>	<u>F1 13</u>
Executive Branch:							
Tax Revenues	376.1	460.6	824.0	845.4	751.6	692.1	709.1
Nontax Revenues	1,616.8	1,905.7	1,892.1	1,935.4	1,886.4	1,772.5	1,785.6
Federal Funds	420.4	334.9	261.2	257.9	256.3	256.9	259.4
Judicial Branch Revenues	9.8	10.2	10.4	10.6	10.5	10.6	10.8
TOTAL REVENUES	2,423.1	2,711.4	2,987.7	3,049.3	2,904.8	2,732.1	2,764.9
EXPENDITURES:							
Executive Branch:							
Operating	2,366.9	2,505.2	2,522.2	2,561.3	2,579.3	2,600.7	2,601.6
Capital Investment	451.4	748.0	634.7	, 521.9	226.2	45.1	2.0
Sub-total	2,818.4	3,253.2	3,156.9	3,083.2	2,805.5	2,645.8	2,603.6
Judicial Branch	9.8	12.2	10.8	10.8	10.8	10.8	10.8
Total Expenditures	2,828.2	3,265.3	3,167.7	3,094.0	2,816.3	2,656.6	2,614.4
REVENUES OVER EXPEND.	(405.1)	(553.9)	(180.0)	(44.7)	88.5	75.5	150.5
CARRY-OVER BALANCE (DEFICIT)							
Beginning	2,379.0	1,973.9	1,420.0	1,240.0	1,195.3	1,283.8	1,359.3
Ending	1,973.9	1,420.0	1,240.0	1,195.3	1,283.8	1,359.3	1,509.8
* unaudited							

# GENERAL FUND MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES FISCAL YEARS 09 - 15 (in thousands of dollars)

<u>Source</u>	Actual* FY 09	Estimated <u>FY 10</u>	Estimated <u>FY 11</u>	Estimated FY 12	Estimated FY 13	Estimated <u>FY 14</u>	Estimated FY 15
Licenses & Permits	738	1,044	1,044	1,044	1,044	1,044	1,044
Revenues From Use of Money and Property	50,604	43,046	43,044	42,607	43,100	43,553	43,783
Federal	3,796	4,708	4,573	4,573	4,573	4,573	4,573
Other Agencies	1,690	1,686	1,686	1,686	1,681	1,681	1,681
Charges for Current Services	266,221	230,298	237,808	249,530	260,978	263,202	265,524
Fines, Forfeits & Pénalties	334	310	340	310	340	310	340
Repayment of Loans & Advanc.	24,541	19,474	23,808	21,938	19,564	19,563	20,220
Other Revenues	422,028	159,066	171,859	172,124	172,083	172,073	172,073
Sub-total	769,952	459,632	484,162	493,812	503,363	505,999	509,238
Judicial Branch Revenues	35,729	35,176	35,915	36,666	37,441	38,237	39,054
TOTAL	805,681	494,808	520,077	530,478	540,804	544,236	548,292

<sup>\*</sup> unaudited

# SPECIAL REVENUE FUNDS MULTI-YEAR REVENUES FROM TAXES FISCAL YEARS 09 - 15 (in thousands of dollars)

<u>Source</u>	Actual * FY 09	Estimated <u>FY 10</u>	Estimated <u>FY 11</u>	Estimated <u>FY 12</u>	Estimated FY 13	Estimated <u>FY 14</u>	Estimated <u>FY 15</u>
Transfer of Tobacco Tax	11,190	15,328	23,498	31,665	31,665	31,665	31,665
Liquid Fuel:							
Highway	86,401	87,028	87,679	88,334	88,995	89,661	90,555
Aviation	3,706	4,452	4,452	4,452	4,452	4,452	4,452
Small Boats	1,604	1,400	1,400	1,400	1,400	1,400	1,400
Sub-total	91,711	92,880	93,531	94,186	94,847	95,513	96,407
Transfer of Trans. Accomm. Tax	102,693	114,944	130,498	135,283	140,513	146,014	151,800
Motor Vehicle Weight Tax	33,407	33,825	34,248	34,676	35,109	35,548	35,992
Vehicle Registration Fee Tax	25,985	26,245	26,508	26,774	27,044	27,317	27,593
Vehicle Surcharge:							
Rental/Tour Vehicles	39,751	40,148	40,550	30,853	29,920	30,514	31,120
Environmental Response Tax	1,590	1,800	1,800	1,800	1,800	1,800	1,800
Unemployment Comp. Tax	59,133	123,000	461,000	475,000	375,000	308,000	317,000
Employment and Training	406	440	500	950	950	950	950
Election Campaign Contrib. T.F.	205	158	140	129	117	100	100
Transfer of Banks & fin. Corp. Tax	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer of Conveyance Tax	15,462	19,300	19,200	21,560	22,060	22,060	22,060
Transfer of Ins. Premium Tax	1,461	1,500	1,500	1,500	1,500	1,500	1,500
TOTAL	384,994	471,568	834,972	856,375	762,525	702,981	719,987

<sup>\*</sup> unaudited

# SPECIAL FUNDS MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES FISCAL YEARS 09 - 15 (in thousands of dollars)

<u>Source</u>	Actual* <u>FY 09</u>	Estimated FY 10	Estimated FY 11	Estimated FY 12	Estimated FY 13	Estimated <u>FY 14</u>	Estimated <u>FY 15</u>
Licenses & Permits	15,702	16,299	16,892	17,021	17,023	17,017	17,132
Revenues From Use of Money and Property	97,731	79,154	94,110	90,653	85,443	82,958	83,383
Federal	420,443	334,868	261,235	257,936	256,332	256,904	259,445
Other Agencies	61,967	82,465	82,465	57,465	57,465	57,465	57,465
Charges for Current Services: Utilities & Other Enterprises	343,568	360,355	384,667	463,889	532,009	548,095	568,579
Others	880,164	881,016	928,594	931,208	936,068	938,731	942,204
Fines, Forfeits & Penalties	6,781	6,218	3,542	3,558	3,575	3,593	3,611
Non-Revenue Receipts	210,852	480,176	381,873	371,571	254,774	124,674	113,272
Judicial Branch Revenues	9,772	10,247	10,406	10,575	10,548	10,624	10,804
TOTAL	2,046,980	2,250,798	2,163,783	2,203,876	2,153,237	2,040,061	2,055,895

<sup>\*</sup> unaudited

# SPECIAL REVENUE FUNDS - OTHER THAN SPECIAL FUNDS MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES FISCAL YEARS 09 - 15 (in thousands of dollars)

<u>Source</u>	Actual* <u>FY 09</u>	Estimated <u>FY 10</u>	Estimated <u>FY 11</u>	Estimated FY 12	Estimated FY 13	Estimated FY 14	Estimated <u>FY 15</u>
Licenses & Permits	621	698	584	583	583	583	583
Revenues From Use of Money and Property	100,568	87,501	83,175	82,593	82,429	82,098	81,525
Federal	2,050,111	1,978,233	1,951,197	1,981,280	1,997,378	2,017,269	2,037,704
Federal-American Recovery & Reinvestment Act	169,478	616,119	223,048	12,558	0	0	0
Other Agencies	19,559	18,271	18,214	18,214	18,219	18,219	18,219
Charges for Current Services	194,529	145,279	136,097	119,970	120,512	122,553	119,979
Fines, Forfeits & Penalties	698	923	923	923	923	923	923
Repayment of Loans & Advances	36,607	39,797	34,459	35,084	34,817	30,407	30,579
Non-Revenue Receipts	837,105	844,963	854,308	885,561	929,200	963,298	1,000,006
OHA Revenues	20,800	15,100	15,100	15,100	15,100	15,100	15,100
TOTAL	3,430,076	3,746,884	3,317,105	3,151,866	3,199,161	3,250,450	3,304,618

<sup>\*</sup> unaudited

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## TENTATIVE SCHEDULE BY QUARTER AND FISCAL YEAR OF THE AMOUNT OF GENERAL OBLIGATION BONDS TO BE ISSUED FROM FISCAL YEAR 2010 TO FISCAL YEAR 2015

#### **GENERAL OBLIGATION BONDS**

<u>FY</u>	Quarter	<u>Description</u>	<u>Amount</u>		<u>Total</u>
Actual:					
FY 2008-2009	Second Fourth	Series DN, DO, DP Series DQ, DR	\$ 227,825,000 725,410,000	\$	953,235,000
FY 2009-2010 FY 2009-2010	Second Second	Series DS (GO-Qualified School Construction Bonds) Series DT, DU, DV, DW (Refunding Bonds)	\$ 32,000,000 293,680,000	· · · · · · · · · · · · · · · · · · ·	325,680,000
		Total General Obligation Bonds - Actual		\$	1,278,915,000
Projected:					
FY 2009-2010	Third		\$ 312,000,000	\$	312,000,000
FY 2010-2011	Second Fourth		\$ 275,000,000 275,000,000		550,000,000
FY 2011-2012	Second Fourth		\$ 330,000,000 340,000,000		670,000,000
FY 2012-2013	Second Fourth		\$ 330,000,000 340,000,000		670,000,000
FY 2013-2014	Second Fourth		\$ 150,000,000.00 150,000,000.00		300,000,000
FY 2014-2015	Second Fourth		\$  150,000,000.00 150,000,000.00	Mayonaaaanoonaa	300,000,000
		Total General Obligation Bonds-Projected		\$	2,802,000,000

### SCHEDULE OF PROJECTED DEBT SERVICE CHARGES FOR GENERAL OBLIGATION BONDS ISSUED AND TO BE ISSUED BY JUNE 30, 2015

(IN THOUSANDS)

	Debt Service On Bonds Outstanding As of July 1, 2009					Debt Service On Bonds To Be Issued Through June 30, 2015			Total Estimated Debt Service			
Fiscal Year	Direct From General Fund	Reimbursable Debt Service	Total		Direct From General Fund	Reimbursable Debt Service	Total	Direct From General Fund	Reimbursable Debt Service	Total		
2009-2010	368,090	39,347	407,437	**	-68,082	-7,565	-75,647	300,008	31,782	331,790		
2010-2011	426,876	42,456	469,332		21,239	2,360	23,599	448,115	44,816	492,931		
2011-2012	511,488	39,441	550,929		48,525	5,392	53,917	560,013	44,833	604,846		
2012-2013	536,000	35,939	571,939		80,184	8,909	89,093	616,184	44,848	661,032		
2013-2014	534,923	35,015	569,938		117,943	13,105	131,048	652,866	48,120	700,986		
2014-2015	517,385	34,709	552,094	,	150,594	16,733	167,327	667,979	51,442	719,421		
Schedule of G	Seneral Obligation F	Sond Sales:				Maturities of Bond	ls to be issued:		<b>%</b>			
Fiscal Ye	ear 2009-2010					20 year serial bo	nds with princip	al repayment beginn	ing the fourth year.			
	First Half	\$325,680	*									
	Second Half	\$312,000				Method of Retiren	nent:					
Fiscal Ye	ear 2010-2011					Maturing in subs	stantial equal ins	stallment of debt serv	vice (principal and in	nterest)		
	First Half Second Half	\$275,000 \$275,000				<b>Assumed Interes</b>	t Rate: 5.25%					

<sup>\*</sup> Note: GO of 2009 Series DS closed on November 5, 2009 and DT, DU, DV, DW (Refunding Bonds) closed on November 24, 2009.

<sup>\*\*</sup> Does not include July 1, 2009 principal maturities.

## TENTATIVE SCHEDULE BY QUARTER AND FISCAL YEAR OF THE AMOUNT OF GENERAL OBLIGATION BONDS AND REVENUE BONDS TO BE ISSUED IN THE FISCAL BIENNIUM

GENERAL OBLI	GATION BO	<u>ONDS</u>	<u>AMOUNT</u>		TOTAL
FY 2009-2010				10	
Quarters	Third		\$ 312,000,000	\$	312,000,000
FY 2010-2011 Quarters	Second Fourth		\$ 275,000,000		550,000,000
	Fourth	TOTAL GENERAL OBLI	275,000,000 GATION BONDS	\$	550,000,000 862,000,000
	De				
REVENUE BON	<u> </u>				
FY 2009-2010 Quarters	Second Third Third Fourth	Hawaii Housing Finance & Development Corp. Airports Hawaii Health Systems Corp Maui Region Hawaii Housing Finance & Development Corp. University of Hawaii	\$107,100,000 421,250,000 1,000,000 188,000,000 28,000,000		\$745,350,000
FY 2010-2011 Quarters	First Second Second Third Third Third Third Fourth	Hawaii Health Systems Corp Maui Region Highways Hawaii Housing Finance & Development Corp. Harbors Hawaii Health Systems Corp Maui Region Hawaii Housing Finance & Development Corp. University of Hawaii Airports Hawaii Housing Finance & Development Corp.	\$ 7,000,000 80,000,000 30,000,000 120,000,000 11,000,000 35,828,993 22,000,000 391,440,000 70,000,000		
	Fourth	University of Hawaii	78,132,000		845,400,993
		TOTAL R	EVENUE BONDS	9	61,590,750,993

## TENTATIVE SCHEDULE BY QUARTER AND FISCAL YEAR OF THE AMOUNT OF REVENUE BONDS TO BE ISSUED FROM FISCAL YEAR 2010 TO FISCAL YEAR 2015

### REVENUE BONDS

<u>FY</u>	Quarter	<u>Description</u>	<u>Amount</u>	<u>Total</u>
Actual:				
FY 2008-2009	Second Second Fourth Fourth Fourth	Hawaii Housing Finance & Development Corp. (Lokahi Kau) Highways Series 2008 Department of Hawaiian Home Lands Series 2009 University of Hawaii Series 2009A Hawaii Housing Finance & Development Corp. (HRHS 2004 Refunding Series B)  Total Revenue Bonds - Actual	\$33,500,000 125,175,000 42,500,000 100,000,000 20,875,000	\$322,050,000 \$322,050,000
		Total Heverlue Bollus - Actual		\$322,030,000
Projected:				
FY 2009-2010	Second Third Third Fourth Fourth	Hawaii Housing Finance & Development Corp. Airports Hawaii Health Systems Corp Maui Region Hawaii Housing Finance & Development Corp. University of Hawaii	\$107,100,000 421,250,000 1,000,000 188,000,000 28,000,000	/ \$745,350,000
FY 2010-2011	First Second Second Third Third Third Third Fourth Fourth	Hawaii Health Systems Corp Maui Region Highways Hawaii Housing Finance & Development Corp. Harbors Hawaii Health Systems Corp Maui Region Hawaii Housing Finance & Development Corp. University of Hawaii Airports Hawaii Housing Finance & Development Corp. University of Hawaii	\$7,000,000 \$80,000,000 30,000,000 120,000,000 11,000,000 35,828,993 22,000,000 391,440,000 70,000,000 78,132,000	\$245.400.00Q
FY 2011-2012	First Second Fourth	Hawaii Health Systems Corp Maui Region Hawaii Housing Finance & Development Corp. Hawaii Housing Finance & Development Corp.	\$100,000,000 10,000,000 60,000,000	\$845,400,993 \$170,000,000
FY 2012-2013	Second Second Fourth	Highways Hawaii Housing Finance & Development Corp. Hawaii Housing Finance & Development Corp.	\$80,000,000 10,000,000 60,000,000	\$150,000,000
FY 2013-2014	Second Third Fourth	Hawaii Housing Finance & Development Corp. Harbors Hawaii Housing Finance & Development Corp.	\$ 10,000,000 200,000,000 60,000,000	\$ 270,000,000
FY 2014-2015	Second Second Fourth	Highways Hawaii Housing Finance & Development Corp. Hawaii Housing Finance & Development Corp.	\$ 80,000,000 10,000,000 60,000,000	\$ 150,000,000
		Total Revenue Bonds - Projected		\$ 2,330,750,993

#### **DECLARATION OF FINDINGS**

Pursuant to Section 37-72 of the Hawaii Revised Statutes, the Director of Finance finds and declares that with respect to the proposed capital improvement appropriations for the budget period 2010-2011 for which the source of funding is general obligation bonds:

- (1) <u>Limitation on general obligation debt</u>. Article VII, Section 13, of the State Constitution, states in part: "General obligation bonds may be issued by the State; provided that such bonds at the time of issuance would not cause the total amount of principal and interest payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed ... a sum equal to eighteen and one-half percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance." Article VII, Section 13, also provides that in determining the power of the State to issue general obligation bonds, certain bonds are excludable, including "reimbursable general obligation bonds issued for a public undertaking, improvement or system but only to the extent that reimbursements to the general fund are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year."
- (2) <u>Actual and estimated debt limits</u>. The limit on principal and interest of general obligation bonds issued by the State, actual for fiscal year 2009-2010 and estimated for each fiscal year from fiscal year 2010-2011 to 2012-2013, is as follows:

Fiscal Year	Net General Fund Revenues	Debt Limit
2006-2007	5,122,620,268	
2007-2008	5,222,739,619	
2008-2009	5,034,987,956	
2009-2010	4,621,325,000	948,454,784
2010-2011	4,913,356,000	917,541,575
2011-2012	5,187,960,000	898,462,919
2012-2013	(not applicable)	907,896,195

For fiscal years, 2009-2010, 2010-2011, 2011-2012 and 2012-2013 respectively, the debt limit is derived by multiplying the average of the net general fund revenues for the three preceding fiscal years by eighteen and one-half percent. The net general fund revenues for fiscal years 2006-2007, 2007-2008 and 2008-2009 are actual, as certified by the Director of Finance in the Statement of the Debt Limit of the State of Hawaii as of July 1, 2009, dated November 18, 2009. The net general fund revenues for fiscal years 2009-2010 to 2011-2012 are estimates, based on general fund revenue estimates made as of September 9, 2009 and September 30, 2009, by the Council On Revenues, the body assigned by Article VII, Section 7, of the State Constitution to make such estimates, and based on estimates made by the Department of Budget and Finance of those receipts which cannot be included as general fund revenues for the purpose of calculating the debt limit, all of which estimates the Director of Finance finds to be reasonable.

(3) <u>Principal and interest on outstanding bonds applicable to the debt limit</u>. In determining the power of the State to issue general obligation bonds for the fiscal years 2010-2011 to 2028-2029, the total amount of principal and interest on outstanding general obligation bonds are as follows:

Fiscal Year		Gross			Excludable		N	Net Debt Service	2
Ending	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
June 30	Payable	Payable	Payable	Payable	Payable	Payable	Payable	Payable	Payable
2010	172,650,000	233,384,831	406,034,831	7,972,469	3,213,619	11,186,088	164,677,531	230,171,212	394,848,743
2011	243,125,000	226,206,875	469,331,875	11,583,759	2,902,699	14,486,458	231,541,241	223,304,176	454,845,417
2012	338,755,000	212,173,873	550,928,873	9,393,412	2,435,138	11,828,550	329,361,588	209,738,735	539,100,323
2013	376,765,000	195,174,387	571,939,387	6,393,408	2,036,478	8,429,886	370,371,592	193,137,909	563,509,501
2014	392,405,000	177,533,199	569,938,199	5,765,774	1,853,218	7,618,992	386,639,226	175,679,981	562,319,207
2015	393,195,000	158,898,608	552,093,608	5,684,380	1,694,914	7,379,294	387,510,620	157,203,694	544,714,314
2016	364,140,000	139,461,161	503,601,161	4,392,997	1,540,729	5,933,726	359,747,003	137,920,432	497,667,435
2017	394,580,000	121,143,135	515,723,135	4,162,432	1,409,788	5,572,220	390,417,568	119,733,347	510,150,915
2018	339,970,000	102,938,575	442,908,575	3,111,048	1,274,682	4,385,730	336,858,952	101,663,893	438,522,845
2019	288,200,000	87,210,207	375,410,207	2,230,352	1,153,278	3,383,630	285,969,648	86,056,929	372,026,577
2020	219,850,000	74,670,523	294,520,523	2,339,328	1,044,279	3,383,607	217,510,672	73,626,244	291,136,916
2021	191,935,000	64,778,367	256,713,367	2,453,591	930,000	3,383,591	189,481,409	63,848,367	253,329,776
2022	203,960,000	55,100,520	259,060,520	2,572,569	808,089	3,380,658	201,387,431	54,292,431	255,679,862
2023	195,510,000	44,988,421	240,498,421	2,700,670	680,029	3,380,699	192,809,330	44,308,392	237,117,722
2024	196,480,000	35,450,594	231,930,594	2,835,234	545,738	3,380,972	193,644,766	34,904,856	228,549,622
2025	164,450,000	26,178,701	190,628,701	2,976,674	404,301	3,380,975	161,473,326	25,774,400	187,247,726
2026	148,775,000	18,589,524	167,364,524	3,124,957	255,885	3,380,842	145,650,043	18,333,639	163,983,682
2027	105,335,000	11,617,450	116,952,450	1,135,554	100,184	1,235,738	104,199,446	11,517,266	115,716,712
2028	79,745,000	6,316,413	86,061,413	893,484	43,869	937,353	78,851,516	6,272,544	85,124,060
2029	50,765,000	2,303,950	53,068,950	0		0	50,765,000	2,303,950	53,068,950

Additionally, the outstanding principal amount of bonds constituting instruments of indebtedness in which the State has incurred a contingent liability as a guarantor is \$193,500,000, all or a portion of which pursuant to Article VII, Section 13 of the State Constitution, is excludable in determining the power of the State to issue general obligation bonds.

- (4) Amount of authorized and unissued general obligation bonds and proposed bonds. As calculated from the State Comptroller's bond fund report as of October 31, 2009, adjusted for (a) appropriations made in Acts 139 and 162, Session Laws of Hawaii 2009, to be expended in fiscal year 2010-2011 (b) lapses proposed in THE EXECUTIVE BUDGET SUPPLEMENTAL [Budget Period: 2009-2011] (referred to as the "Budget") is the total amount of authorized but unissued general obligation bonds amounting to \$2,071,702,362. The amount of general obligation bonds proposed in the Budget is \$46,298,000 (does not include capital improvement appropriations to be funded through the issuance of general obligation bonds proposed by the Judiciary). The total amount of general obligation bonds previously authorized and unissued and the general obligation bonds proposed in the Budget is \$2,201,655,876.
- (5) Proposed general obligation bond issuance. As reported in the Budget, as it applies to the fiscal period 2009-2010 to 2012-2013, the State proposed to issue \$312,000,000 in general obligation bonds during the remainder of fiscal year 2009-2010, \$275,000,000 in general obligation bonds semi annually during fiscal years 2010-2011,\$330,000,000 in general obligation bonds during the first half of fiscal year 2011-2012, and \$340,000,000 in general obligation bonds during the second half of fiscal year 2011-2012. \$330,000,000 in general obligation bonds during the first half of fiscal year 2012-2013, and \$340,000,000 in general obligation bonds during the second half of fiscal year 2012-2013. It is the practice of the State to issue twenty-year serial bonds with principal repayments beginning the fourth year, payable in substantially equal annual installments of principal and interest payment with interest payments commencing six months from the date of issuance and being paid semi-annually thereafter. It is assumed that this practice will continue to be applied to the bonds, which are proposed to be issued except that principal repayments will begin in the fourth year.
- (6) Sufficiency of proposed general obligation bond issuance to meet the requirements of authorized and unissued bonds and the bonds proposed in the Budget. From the schedule reported in paragraph (5), the total amount of general obligation bonds, which the State proposes to issue during this fiscal year and in fiscal years 2010-2011, 2011-2012, and 2012-2013, is \$2,202,000,000. The total amount of \$2,202,000,000 which is proposed to be issued through fiscal year 2012-2013 is sufficient to meet the requirements of the previously authorized and unissued bonds and the bonds proposed in the Budget, the total amount of which is \$2,201,655,876 as reported in paragraph (4). Thus, taking the Budget into account, the amount of previously authorized and unissued bonds and bonds proposed, versus the amount of bonds which is proposed to be issued by June 30, 2013, the Director of Finance finds that in the aggregate, the amount of bonds is sufficient to meet these requirements.
- (7) <u>Bonds excludable in determining the power of the State to issue bonds</u>. As noted in paragraph (1), certain bonds are excludable in determining the power of the State to issue general

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obligation bonds. (A) General obligation reimbursable bonds can be excluded under certain conditions. It is not possible to make a conclusive determination as to the amount of reimbursable bonds which are excludable from the amount of each proposed bond issuance because:

- (i) It is not known exactly when projects for which reimbursable bonds have been authorized in prior acts and in the Budget will be implemented and will require the application of proceeds from a particular bond issue; and
  - (ii) Not all reimbursable general obligation bonds may qualify for exclusion.

However, the Director of Finance notes that with respect to the principal and interest on outstanding general obligation bonds, as reported in Section 3 herein, the average proportion of principal and interest which is excludable each year from calculation against the debt limit is 1.618 percent for the ten years from fiscal year 2009-2010 to fiscal year 2018-2019. For the purpose of this declaration, the assumption is made that 1 percent of each bond issue will be excludable from the debt limit, an assumption which the Director of Finance finds to be reasonable and conservative. (B) Bonds constituting instruments of indebtedness under which the State incurs a contingent liability as a guarantor can be excluded but only to the extent the principal amount of such guaranties does not exceed seven percent of the principal amount of outstanding general obligation bonds not otherwise excluded under subparagraph (A) of this paragraph (7) and provided that the State shall establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the State as provided by law. According to the Department of Budget and Finance and the assumptions presented herein, the total principal amount of outstanding general obligation bonds and general obligation bonds proposed to be issued, which are not otherwise excluded under Article VII, Section 13 of the State Constitution for the fiscal years 2009-2010, 2010-2011, 2011-2012 and 2012-2013 are as follows:

	Total amount of
	General Obligation Bonds
	not otherwise excluded by
	Article VII, Section 13
Fiscal Year	of the State Constitution
2009-2010	5,169,470,000
2010-2011	5,885,420,000
2011-2012	6,376,070,000
2012-2013	6,796,245,000

Based on the foregoing and based on the assumption that the full amount of a guaranty is immediately due and payable when such guaranty changes from a contingent liability to an actual liability, the aggregate principal amount of the portion of the outstanding guaranties and the guaranties proposed to be incurred, which does not exceed seven percent of the average amount set forth in the last column of the above table and for which reserve funds have been or will have

been established as heretofore provided by, can be excluded in determining the power of the State to issue general obligation bonds. As it is not possible to predict with a reasonable degree of certainty when a guaranty will change from a contingent liability to an actual liability, it is assumed in conformity with fiscal conservatism and prudence, that all guaranties not otherwise excluded pursuant to Article VII, Section 13 of the State Constitution will become due and payable in the same fiscal year in which the greatest amount of principal and interest on general obligation bonds, after exclusions, occurs. Thus, based on such assumptions and on the determination in paragraph (8), the aggregate principal amount of the portion of the outstanding guaranties; which must be included in determining the power of the State to issue general obligation bonds, is \$0.

(8) Determination whether the debt limit will be exceeded at the time of issuance. From the foregoing and on the assumption that the bonds identified in paragraph (5) will be issued at an interest rate of 5.25 percent thereafter, as reported in the Budget, it can be determined from the following schedule that the bonds which are proposed to be issued, which includes all bonds issued and outstanding, bonds previously authorized and unissued and the bonds proposed in the Budget, will not cause the debt limit to be exceeded at the time of each bond issuance:

Time of Issue and		
Amount of Issue to	Debt Limit	
be Counted Against	at Time of	Greatest Amount & Year
Debt Limit	<u>Issuance</u>	of Principal & Interest
2nd half FY 2009-2010		
\$308,880,000	948,454,784	597,849,399 (2013-2014)
1st half FY 2010-2011		
\$272,250,000	917,541,575	612,142,524 (2013-2014)
2nd half FY 2010-2011		
\$272,250,000	917,541,575	629,519,064 (2014-2015)
1st half FY 2011-2012		
\$326,700,000	898,462,919	646,670,814 (2014-2015)
2nd half FY 2011-2012		
\$336,600,000	898,462,919	664,342,314 (2014-2015)
1st half FY 2012-2013		
\$326,700,000	907,896,195	683,868,810 (2016-2017)
2nd half FY 2012-2013		
\$336,600,000	907,896,495	714,285,310 (2016-2017)
		, , , , , , , , , , , , , , , , , , , ,

(9) Overall and concluding finding. From the facts, estimates, and assumptions stated in this declaration of findings, the conclusion is reached that the total amount of principal and interest estimated for the general obligation bonds proposed in the Budget and for all bonds previously authorized and unissued and calculated for all bonds issued and outstanding and guaranties, will not cause the debt limit to be exceeded at the time of issuance.

The Director of Finance hereby finds that the bases for the declaration of findings set forth herein are reasonable. The assumptions set forth in this declaration with respect to the principal amount of general obligation bonds which will be issued, the amount of principal and interest on reimbursable general obligation bonds which are assumed to be excludable and the assumed maturity structure shall not be deemed to be binding, it being the understanding that such matters must remain subject to substantial flexibility.

Director of Finance

State of Hawaii